



24 March 2016

S16.07

Submission to the Inland Revenue Department on ED0183 Child Support and Domestic Maintenance – Amendments to Assessments

The National Council of Women of New Zealand, Te Kaunihera Wahine o Aotearoa (NCWNZ) is an umbrella group representing 288 organisations affiliated at either the national level or to one of our 20 branches. In addition to our organisational membership, about 260 women are individual members of branches. NCWNZ's function is to represent and promote the interests of New Zealand women through research, discussion and action. This submission has been prepared by the NCWNZ Economics Standing Committee with input from the Family Affairs Standing Committee

1. Introduction

- 1.1. NCWNZ has a long history of promoting legislation that improves outcomes for children and their families. In previous submissions on child support, NCWNZ has argued that the best interests of the child must come first (S12.17, S01.49)¹. NCWNZ has also argued that uncertainty around erratic and defaulted payments can wreak havoc with budgets and cause significant stress as well as financial hardship (S94.26)².

2. When can an assessment be amended under section 87 of the Child Support Act 1991?

- 2.1. The uncertainty caused by assessments being amended and re-amended could create significant stress for both receiving carers and paying carers. This stress could be reduced by indicating time frames after which no assessment would be re-assessed.
- 2.2. The maximum time frame could be aligned to the time bar for reassessment of income tax in section 108 of the Tax Administration Act 1994, that is, four years after the end of the child support year in which the change occurred.

3. What information should be provided to Inland Revenue?

- 3.1. After listing some items of information that should be provided to Inland Revenue, in paragraph 17 (e) the draft Statement asks in addition for "all available relevant information". It would be helpful to

¹ S12.17 Child Support Amendment Bill , S01.49 Child Support Amendment Bill

² S94.26 Child Support Review 1994

give some examples of information that could be relevant, in addition to the items listed in 17 (a) – (d). Even if this is not done in the final Standard Practice Statement, consideration should be given to including a list of examples in IR 116 Change of Circumstances and in Inland Revenue’s on-line material about child support. This could help to reduce uncertainty for both paying and receiving carers.

4. Principles

- 4.1. (h) Vexatious requests: It would be helpful to specify amounts that would usually be regarded as too small for the Commission to amend child support assessments. When doing so, it should be borne in mind that an amount that is quite small on a weekly basis nevertheless can add up to a considerable sum over the course of a year, enough to say, pay for a child’s school camp or school books.
- 4.2. (l) Party ultimately affected and (m) resources: Although the government can equally be a creditor of a paying carer, it may not be reasonable to treat debts owing to government with the same consideration as debts owing to a caring parent. Government has considerable resources to draw on, and a small debt owing to it will not cause any hardship. Further, government can borrow money at low rates that are not available to ordinary citizens. While paying carers ought to pay their debts whether that debt is owed to a caring parent or to government, if Inland Revenue is required to make choices about whether to spend its resources on debts owing to receiving carers, or spend its resources on debts owing to government, then it to prioritise the debts owed to receiving carers. This is because receiving carers may suffer significant financial hardship and stress if they don’t receive the money they are owed reasonably quickly, whereas government can easily draw on its other resources.

5. Date to amend assessments from

- 5.1. It is unclear why Inland Revenue needs notification that a child has turned 19, and no longer needs child support. Every child support form asks for the age of the children covered. Both paying and receiving carers might reasonably expect that Inland Revenue has this information already, and that Inland Revenue might proactively contact them to arrange a change in the payments, rather than expecting that carers contact Inland Revenue to give them information that they already hold.

6. Other issues

- 6.1. The draft standard practice statement is silent about what ought to happen if a dependent child becomes a full time worker. Similarly, the draft standard practice statement is silent about what happens if a dependent child is receiving a student allowance or the living allowance portion of a student loan, or if carers are receiving an unsupported child benefit for a child in their care. Presumably these are all circumstances that alter child support arrangements. These could all be included as examples of relevant information that ought to be given to Inland Revenue on a timely basis.
- 6.2. It would be helpful to clarify that the standard practice statement applies to child support arrangements where grandparents or people other than parents are caring for children. Although

this is of course part of the child support rules, it is a principle that could be reinforced by the standard practice statement.

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